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We Can't Expect 'the market' to Provide a Housing Policy

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A year of frustration is down to the banks

LINDA DALY MARKET WATCH

AS 2015 nears its end, many agents have been reflecting on the year that was. It's been a funny one for the Irish property market. Last year, the residential sector returned with an almighty bang, as a glut of properties came up for sale and most flew out just as quickly.

This year, a multitude of houses have come to market — but while starter homes have been selling in jig time, those in the mid to upper price bracket haven't been so easy to offload. Sales have been hindered by one major factor: the banks. Gone are the days when financial institutions were falling over themselves to hand out cash; now they're finding the most arbitrary reasons to refuse mortgage applicants.

The tone was set in January when the Central Bank launched the regulations for mortgage lending. The banks have responded, and anyone with a financial history that extends back to the Celtic tiger days will find it difficult to get finance.

One agent reported a sale falling through recently when a Dutch buyer who works in a well-known, hugely successful tech company failed to get a minimal figure to top up the funds she had. Two properties in our Four to View section this week have just returned to the market after they failed to go beyond the sale agreed stage.

It's been a frustrating time for vendors who have seen properties go sale agreed to reputable potential purchasers only for deals to fall through at a later hurdle: for the buyers it's heartbreaking.

But what's the answer? Nobody wants to return to the days of overexposure and excessive lending by banks, and we need to get away from a debt culture. On the other hand, an overcautious approach to lending will continue to stymie the market. It's all about getting the balance right.

Know when to fold'em, Money, page 11

Price watch: Dublin 4

Shelbourne Village Ringsend
2-bed apartment
2010 €196,500
2015 €260,000
Up 33%

Beach Avenue Sandymount
3-bed terraced
2010 €420,000
2015 €480,000
Up 14%

St Brendan's Cottages Irishtown
2-bed cottage
2010 €225,000
2015 €360,000
Up 60%

The Sweepstakes Ballsbridge
3-bed apartment
2010 €520,000
2015 €677,000
Up 30%

Source: propertypriceregister.ie

BOXING CLEVER

Whether you do it yourself or rely on the professionals, forward planning pays off when organising a move, writes **Eve Rowan**

Bringing in the experts can make the packing up and moving experience less stressful

Karen Joyce has moved eight times in the last 12 years, and has become very good at it. In 2003 she moved to Holland, along with her husband and their four children. On that occasion, she didn't need a big removal van to ship the stuff.

"We moved with suitcases," she says. "My husband was commuting for four months before we went and he would ferry stuff over each time he came home. I packed a second suitcase while he was gone and we rotated them."

Meanwhile in Dublin, Joyce set about selling most of the family's furniture in Buckley's auction room in Sandycove.

After a few years in Holland, the Joyces returned to Dublin but they soon outgrew their home. The last couple of years have involved selling their house in Blackrock, renting one nearby and finally buying a house in Foxrock and renovating that.

However, while they were still waiting for the builders to complete the Foxrock home, their lease on the rental ran out so the family moved temporarily to their mobile home in Brittas. It made the school run a bit longer but it saved on rent, Joyce says.

"It was an awkward way to do things, but it probably paid for our kitchen."

Five months later, they finally moved to Foxrock, and Joyce says she has no plans to move again for some time.

Moving house is a tough job that involves a lot of organisation and planning. Employing the services of professional movers can help to alleviate the hassle, says Eamon Finn, managing director of Allen Removals, which has been on the road for 40 years.

Safety is the main reason to engage the professionals, says Cormac O'Sheehan of VanTasks.ie. "We know how to move furniture, we have protection for the furniture and we know how to pack boxes. Ideally, the client leaves it to us."

O'Sheehan advises choosing your mover carefully. "A lot of the guys who advertise online don't have the valid insurance. A mover needs to have goods-in-transit insurance and public liability insurance."

Joyce's removal company did not insure boxes for breakage unless the company had packed them. She decided to pack her own boxes anyway as it provided a good chance to throw items away. "It meant I knew what was in them. I printed labels and I added details about what was in the box," she says.

She advises being present when the van is being unpacked. "It's important there is someone there solely to direct the movers. I wasn't there on one of our moves and we spent a lot of time reorganising things."

Execute a move right and you could use it as a great way to declutter. Joyce had 20 boxes that went unopened through their last two moves. "Eventually, a lot of it went in the skip," she says.

Irish lawyer Jessica Duff recently moved from London to Singapore with her husband Jake and their three children Freddie, 7, Ava, 5, and Mia, 3. She had five years' worth of stuff to deal with.

"I was ruthless," she says. "For about a month before the move I gave an hour or so every day to culling. It was brilliantly cathartic. If I hadn't worn, used or seen it in a year, it went in the bin, recycling or charity bag. When you live somewhere with a lot of storage, it's easy to ignore everything in the storage."

Duff — whose move inspired a couple of posts on her wry and wicked blog, Relentless Laundry — may have front-loaded the endeavour, but there was still some eleventh-hour activity. Her lease expired on the day the movers were due. There was a taxi booked for 3pm that afternoon to take them to the airport.

"On the day of the move, there was still a full kitchen to be organised and packed. I was literally cleaning the breakfast things off the table and handing them to the movers to pack away. We threw out 16 bin liners of things on that last day. Don't ask me what was in them."

John Smyth and Sons Removals in Dun Laoghaire used a horse and cart to transport stuff when it was first set up by the current John Smyth's grandfather in 1943. It eventually progressed to the motorised vehicle, and now carries out two to three moves a week for clients in Dublin as well as nationally and internationally.

Smyth says he is sometimes called back to bring excess furniture to an auction because people realise they have too much stuff.

Some items can also be difficult to transport, according to Smyth. The trampoline in particular challenges the movers at present, he says. "We generally strap it on to the side of the van rather than dismantle it. There's some handy moves and some hard ones — that's the nature of it."

However, Smyth says people shouldn't be deterred from moving larger items, especially if they hold financial or sentimental value. "Sometimes people are afraid that something won't fit, but we advise them to try it."

The biggest thing Duff moved was her two B&B Italia couches, "bought pre-children, obviously". They had to be dismantled but they made the cut.

If you are moving abroad, beware of taxes in the receiving country. Migrants to Singapore pay a 5% tax on the value of their shipment, which is self-assessed.

Jim Farrell, head of international moving with Careline, one of Ireland's largest international moving companies, says overseas shipments can take anywhere from three to nine weeks to reach their destination.

Shipments to the east coast of America can take about three weeks, while arrivals to Australia takes about nine weeks. South Africa takes about seven to eight weeks. Duff tracked her shipment as it wound its way around the coast off South Africa and past Mauritius, arriving in Singapore after six weeks.

Sea freight usually goes to a hub like Rotterdam, where the client's container gets transferred to another ship, says Farrell. Generally, customs taxes apply to liquor and brand new goods.

"We move migrants as well as doing corporate moves," says Farrell.

"Some companies that claim to move internationally don't have very much experience. Make sure your removal company can answer all your questions and provide good quality information."

Relocating with pets

Keep cats indoors when moving

While Aoife McCann's move was less than a mile — from Glenageary to Blackrock — she still needed a set of wheels for the process.

McCann tried the website anyvan.ie and typed in her moving date and a description of what she needed moved. She was "bombarded with quotes", she says. In the end, she booked Two Men and a Truck and moved on a Saturday.

"There was a bit of to-ing and fro-ing in the car the following week for small items," she says.

Her cat Axel stayed an extra few nights while she, her husband, their son and the dog relocated.

Moving animals threw up its own set of issues. The cat has gone missing a few times since the move only to be found at the old address.

McCann, who is a vet, says cats should stay inside for the first two weeks after a move.

"You might want to use boarding kennels for cats and dogs. A dog will want bedding available. If it is with its owners, it will probably be happy".

The family have had the luxury of leaving some things at their previous house, which is on the market, but McCann says they will be dealt with.

"A lot of what is there will be jettisoned," she says.

We can't expect 'the market' to provide a housing policy

LORCAN SIRR ON THE HOME FRONT

As the government grapples with establishing a worthwhile housing policy, it would do well to remember that affordability is key.

As companies increasingly choose to locate in or near cities, and people follow jobs, most of Ireland's housing needs will be in the greater Dublin area. In 2015, about half the population lives on just 20% of Ireland's surface area, but by 2030 nearly half the nation will be living on just 10% of the land. Figures vary but the Dublin area will need 8,000-10,000 housing units per year.

We know the numbers but we are lacking an overall vision for housing in this country. Instead we are being led by the nose by vested interests. These interests build what they want, where they want and, most critically, when they want (landbanking is disgracefully endemic in Ireland). This way chaos and expense lies: a house is not a crop, remember.

At the core of any vision for future housing policies should be affordability, which itself brings many other benefits. Affordability does not just happen, though, it is created.

It means, for example, a suitable property should not cost more than three times a household's gross annual income. It means monthly rent or mortgage payments should not be more than a certain percentage of net income. The commonly accepted percentage is one third (although it is unclear where that figure comes from).

Despite the arguments that building costs are too high, house prices bear no relation to the cost of construction. New house prices are set by builders based on an assessment of the highest price they can achieve, regardless of the building costs.

As most of Ireland's house builders are small in scale, and build relatively few houses each year — certainly not enough to supply our housing needs — they cannot build at the volumes required to offer lower prices and affordability. The largest Irish house builder, Cairn Homes, has reportedly said it will produce a maximum of 1,000 units a year.

House builders therefore need to be supplemented by scale and volume, and they also need some competition. The development of land owned by local authorities and Nama should be tendered in quantities large enough to make it economically viable for foreign builders to tender and build at, say, 1,000 units at a time — both social and private.

When the state removes planning risk (by giving itself planning permission) and sets the specifications of each building, it can build in affordability through design, materials and volume, as well as tenant mix and location. Private housing can then be sold at market rates and the profits used to subsidise the building of social housing units. Increased density will also facilitate affordability and reduce urban sprawl. There's probably already enough zoned land in existence but we might need to rezone land from "housing" to special types of housing such as "key worker" or "long-term residential renting" — neither of which we have.

Affordability also increases integration, as more people from a broader income spectrum can buy what's on offer. Social housing too should be a larger part of future housing — it should also be properly "social", as in societal.

We need to redefine social housing in Ireland. Some of the countries with the largest social housing sectors are also those with the highest incomes.

In Holland, for example, social housing comprises more than a third of the total housing stock, and in Austria it is over one-fifth.

In less unequal countries, there is a greater range of professions in social housing: in Holland, for example, you see lecturers in social housing with van drivers, police officers and jobseekers.

Creating affordability also means building what we need, which is not always the same as what builders want to sell. Household sizes are getting smaller — because of people marrying later, having smaller families, separating and so on. In the next four years, nearly 60% of all Dublin households will be one- and two-person.

> **THE RESIDENTIAL TENANCIES ACT HAS AS MANY HOLES IN IT AS NEVEN MAGUIRE'S SIEVE**

Smaller household sizes means limited borrowing capacity, and hence new accommodation types are needed — but let's not mistake "affordable" for "tiny". (The state's only real control is over standards and quality and these should be maintained at all costs.)

Therefore although house builders are keen to build three-bedroom, semi-detached homes, we do not actually need many of them.

This is all assuming everybody wants to buy a house — and increasingly they don't. One in five of us rent, and that number will increase, so the market needs to be provided for.

Although much improved, the Residential Tenancies Act still has as many holes in it as Neven Maguire's sieve, so new options are needed such as temporal ownership, where a property is transferred from one owner to another for a specified period of time for a sum of money.

If we hang around waiting for "the market" to supply us in piecemeal fashion, it will be too late to create a civilised housing system for the future; helping people afford what's on offer rather than making what's on offer more affordable is not a viable plan for supplying Ireland's future housing needs.